

## Message Text

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3582

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E.O. 11652: N/A

TAGS: PFOR, ETRD, OVIP, AR (EBERLE)

SUBJECT: SUMMARY REPORT OF AMBASSADOR EBERLE'S VISIT TO ARGENTINA

1. FOLLOWING IS THE SUMMARY OF RESULTS OF APRIL 23-24 VISIT TO ARGENTINA BY AMB EBERLE AND HIS DELEGATION DRAFTED BY AMEMBASSY ARGENTINA AND CLEARED BY DELEGATION.

2. SUMMARY: ARGENTINA POSITION ON TRADE ISSUES WAS PRESENTED AGGRESSIVELY BY AMB GABRIEL MARTINEZ AND FOCUSED ON CRITICISMS OF GSP SCHEME AND LACK OF U.S. RESPONSIVENESS TO LDC CONCERNS IN TRA AND MTN. PRINCIPAL BILATERAL ISSUES DISCUSSED WERE ARGENTINA MEAT EXPORTS AND HOW U.S. COULD ASSIST ARGENTINA WITH INCREASING ITS MEAT EXPORTS TO THE U.S. AND OTHER MARKETS. FOREIGN OFFICE OBVIOUSLY WELCOMED EBERLE GROUP'S VISIT AND EXPOSITION OF U.S. VIEWS LEFT POSITIVE IMPRESSION OF ITS SENIOR OFFICIALS. IT IS CLEAR, HOWEVER, THAT ARGENTINA WILL CONTINUE

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TO MAINTAIN STRONGLY NATIONALISTIC POSTURE IN TRADE MATTERS

AND PRESS THE U.S. AND OTHER DC'S HARD FOR THE ACCEPTANCE OF DIFFERENTIAL RULES FOR LDC'S IN THE MTN. END SUMMARY.

3. FIRST WORKING SESSION EVENING APRIL 22 AT FOREIGN MINISTRY:

A. TRADE BILL

AMB EBERLE REVIEWED THE CURRENT STATUS OF THE TRADE BILL WHICH HE HOPED WOULD BE PASSED BY CONGRESS IN LATE JUNE OR EARLY JULY. HE EXPLAINED THE IMPORT OF AND ADMINISTRATION ATTITUDE TOWARD SEVERAL PROPOSED AMENDMENTS, THE NATURE OF SENATE PROCEDURES FOR CONSIDERATION OF THE BILL, AND THE LIKELIHOOD THAT RESTRICTIVE AMENDMENTS WOULD BE PROPOSED FROM THE SENATE FLOOR WHICH HE BELIEVED COULD BE DEFEATED.

AMB GABRIEL MARTINEZ, ARGENTINE REPRESENTATIVE TO INTERNATIONAL ECONOMIC ORGANIZATIONS IN GENEVA, SAID THE TRADE BILL APPEARED TO GIVE THE EXECUTIVE BRANCH CONSIDERABLE ADDITIONAL POWERS TO RESTRICT IMPORTS. THE ONLY GUARANTEE OF CONTINUED MARKET ACCESS FOR DEVELOPING COUNTRIES WAS JUDICIOUS EXECUTIVE BRANCH USE OF POWERS GRANTED TO IT IN TRADE BILL. IN ADDITION, AMB MARTINEZ CRITICIZED THE BILL BECAUSE IT DID NOT CONTAIN ANY DISTINCTION BETWEEN TREATMENT AFFORDED DEVELOPED AND DEVELOPING COUNTRIES.

1) SAFEGUARDS

AMB EBERLE RESPONDED THAT ADDITIONAL POWERS GRANTED EXECUTIVE BRANCH IN TRADE BILL WERE SIMILAR TO THOSE ALREADY POSSESSED BY MOST GOVERNMENTS IN THE WORLD. IN SEVERAL WAYS, THE ESCAPE CLAUSE PROVISIONS OF THE BILL OFFERED GREATER OPPORTUNITIES TO DEVELOPING COUNTRIES BECAUSE INJURY STILL HAD TO BE DEMONSTRATED, AND RELIEF GRANTED MUST BE TEMPORARY AND PROVIDE FOR GROWTH FACTOR. HE SAID THE U.S. FAVORED, AND WAS PREPARED TO NEGOTIATE, TOWARD AN INTERNATIONAL SAFEGUARDS AGREEMENT. HE FELT SUCH AN INTERNATIONAL AGREEMENT WOULD PROVIDE THE DEVELOPING COUNTRIES WITH BETTER ASSURANCE OF ACCESS TO DEVELOPED COUNTRY MARKETS. AMB MARTINEZ SAID ANY INTERNATIONAL AGREEMENT ON SAFEGUARDS WOULD HAVE TO BE BASED ON THE PRINCIPLES OF PART IV OF THE GATT. HE POINTED OUT THERE WAS A DIFFERENCE BETWEEN A LIMITED OFFICIAL USE

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SAFEGUARD SYSTEM AIMED PRIMARILY AT EXISTING IMPORTS, AND ONE DIRECTED PRIMARILY TOWARD FUTURE IMPORTS.

2) SUBSIDIES

AMB EBERLE POINTED OUT THAT THERE WAS CONSIDERABLE CONFUSION ON THE SUBJECT OF SUBSIDIES. IN THIS SITUATION, HE SAID THE U.S. FAVORED, AND WOULD BE PREPARED TO WORK TOWARD, DEFINITION

OF AN INTERNATIONAL SET OF PRINCIPLES. THE OBJECTIVE  
WOULD BE TO ESTABLISH SOME PRINCIPLES OR GUIDELINES  
THAT ALL COUNTRIES COULD ACCEPT AND FOLLOW IN PROMOTING EXPORTS.  
HE SAID THUS FAR THE UNITED STATES HAD BEEN VERY CIRCUMSPECT  
REGARDING APPLICATION OF COUNTERVAILING DUTIES. PRESENTLY,  
COURT PROCEDURES HAVE BEEN INITIATED BY PRIVATE PARTIES TO  
REQUIRE THE SECRETARY OF TREASURY TO TAKE ACTION IN THE CASE  
OF IMPORTED FOOTWEAR.

AMB MARTINEZ STATED THAT AGAIN A DISTINCTION HAD TO BE  
MAINTAINED BETWEEN DC AND LDC SUBSIDIES. FOR EXAMPLE, TAX REBATES  
APPLIED BY A DEVELOPING COUNTRY WOULD NOT BE ENOUGH TO COVER  
PRODUCTIVITY DIFFERENCES BETWEEN DEVELOPED AND DEVELOPING COUNTRIES.  
THE SAME REBATE SYSTEM, IF APPLIED BY A DEVELOPED COUNTRY, WOULD  
MAKE ITS EXPORTS TOO COMPETITIVE WITH DEVELOPING COUNTRY EXPORTS.  
HE CONTINUED THAT DEVELOPING COUNTRIES HAD GREAT DIFFICULTY  
ENTERING EXPORT MARKETS, IN FACT THAT WAS THE PURPOSE OF GSP. AS

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DC TARIFFS WERE REDUCED, THE VALUE OF PREFERENCES WAS REDUCED.

THUS THE DEVELOPING COUNTRIES OWN PROMOTION MECHANISMS WOULD BECOME INCREASINGLY IMPORTANT. HE ENDED THAT IF THE DEVELOPED COUNTRIES, HEADED BY THE UNITED STATES, COULD ACCEPT PRINCIPLE OF DIFFERENTIAL TREATMENT BETWEEN DEVELOPED AND DEVELOPING COUNTRIES REGARDING SUBSIDIES, THEN PROGRESS TOWARD A SET OF GENERAL PRINCIPLES WOULD BE GREATLY FACILITATED.

AMB EBERLE RESPONDED WITH A SPECIFIC EXAMPLE. SUPPOSING BRAZIL GAVE A 20 PERCENT SUBSIDY AND OBTAINED 50 PERCENT OF THE UK MARKET, WOULD ARGENTINA FEEL THAT SUBSIDY WAS JUSTIFIED. WHEN AMB MARTINEZ SAID NORMALLY A COUNTRY WOULD NOT WASTE FISCAL RESOURCES IN PROMOTING COMPETITIVE EXPORTS. AMB EBERLE SAID THIS WAS JUST THE POINT. IF COUNTRIES ABUSED SUBSIDY PRIVILEGE, THERE SHOULD BE RECOURSE TO AGREED INTERNATIONAL PRINCIPLES. HE URGED AGAIN THAT ALL COUNTRIES WORK TOWARD DEVELOPMENT OF SUCH PRINCIPLES.

B) GENERALIZED PREFERENCES  
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MR. RENNER OUTLINED MAJOR PROVISIONS OF U.S. GSP PROPOSAL INCLUDING ELIGIBILITY, PRODUCT INCLUSION, SPECIAL QUALIFICATIONS, ETC. HE EXPLAINED CAREFULLY THE COMPETITIVE NEED FORMULA UNDER WHICH SINGLE PRODUCT FROM SINGLE COUNTRY WOULD NOT RECEIVE PREFERENCES IF IMPORTS EXCEEDED 25 MILLION DOLLARS OR 50 PCT OF THE TOTAL IMPORT MARKET. BASED ON PRELIMINARY U.S. STUDIES, MR. RENNER INDICATED THAT ONLY TWO ARGENTINE PRODUCTS ELIGIBLE FOR PREFERENTIAL TREATMENT UNDER GSP WOULD BE EXCLUDED BY THE COMPETITIVE NEED FORMULA: SAUSAGES AND BEEF IN CANS WITH 83 PCT OF TOTAL IMPORT MARKET, AND CERTAIN OAK, WOOD PROUDCTS WITH 57 PCT OF THE U.S. IMPORT MARKET.  
IN RESPONSE TO REQUEST FROM AMB MARTINEZ, MR. RENNER

AGREED TO PROVIDE ARGENTINE GOVERNMENT WITH MORE DETAILED INFORMATION ON EXCLUDED OAK, WOOD PRODUCTS THROUGH U.S. EMBASSY IN BUENOS AIRES.

AMB MARTINEZ, SUMMARIZING ARGENTINE REACTION TO U.S. GSP PROPOSAL, SAID HE FELT IT WAS QUITE RESTRICTIVE AND THAT EC PLAN MORE LIBERAL. HE WAS SHARPLY CRITICAL OF COMPETITIVE NEED FORMULA BECAUSE HE SAID PRODUCT MIGHT BE EXCLUDED FROM PREFERENTIAL TREATMENT EVEN IF TOTAL EXPORTS TO U.S. WERE ONLY A FEW DOLLARS. HE FELT THAT LOGICALLY THE COMPETITIVE NEED FORMULA SHOULD BE BASED ON 50 PERCENT OF THE TOTAL IMPORT MARKET WITH A 25 MILLION DOLLAR MINIMUM. RATHER THAN MAKING A DISTINCTION BETWEEN THE TWO CRITERIA AS PRESENTLY PROPOSED. HE SAID THE PRESENT FORMULA WOULD RESULT IN ANAMALOUS RESULTS. A PRODUCT FACING HIGH U.S. TARIFFS, AND CONSIDERABLE PREFERENCE MARGIN, PRESUMABLE WOULD HAVE A SMALL MARKET AND HENCE WOULD QUICKLY LOSE PREFERENCES UNDER THE 50 PERCENT RULE. ON THE OTHER

HAND, A PRODUCT FACING LOW TARIFFS, AND CONSEQUENTLY RELATIVELY LOWER PREFERENCE MARGINS, PRESUMABLY WOULD HAVE A LARGER MARKET AND BETTER OPPORTUNITIES BUT LESS PREFERENCES.

IN RESPONSE TO QUESTION, MR. RENNER EXPLAINED THAT THE PRODUCT CLASSIFICATION FOR GSP WAS BASED ON FIVE DIGIT TSUS LEVEL. RESPONDING TO EARLIER REMARKS ABOUT RESTRICTIVENESS OF U.S. SYSTEM, MR. RENNER ASKED IF ARGENTINE GOVERNMENT WOULD HAVE PREFERRED THAT THE U.S. SUBMIT A TARIFF QUOTA GSP SYSTEM TO CONGRESS. AMB MARTINEZ BACKED OFF, STATING THAT ARGENTINE EXPERIENCE WITH EC AND JAPAN PROPOSALS HAD BEEN BAD.

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AMB EBERLE SAID U.S. WOULD LIKE TO KNOW IF ARGENTINE GOVERNEMENT FELT U.S. GSP PROPOSAL HAD NO VALUE. AMB MARTINEZ DISAGREED AND SAID HE FELT THAT IT WOULD HAVE CONSIDERABLE VALUE. FOR EXAMPLE,

ACCORDING TO PRELIMINARY U.S. CALCULATIONS, APPROXIMATELY 75-80 PERCENT OF ARGENTINE EXPORTS TO U.S. WOULD QUALIFY FOR PREFERENCE PROVIDING, OF COURSE, THEY WERE NOT ALREADY DUTY FREE. AMB EBERLE EMPHASIZED THAT IT WAS IMPORTANT FOR ARGENTINA TO SUBMIT A LIST OF PRODUCTS IT WISHES TO SEE INCLUDED IN THE U.S. GSP PROPOSAL AS SOON AS POSSIBLE. IN THIS WAY, PRODUCTS OF PARTICULAR INTEREST TO ARGENTINA COULD BE CONSIDERED FOR INCLUSION IN THE LIST OF PRODUCTS TO BE SUBMITTED TO TARIFF COMMISSION DIRECTLY AFTER PASSAGE OF THE TRADE BILL. HE SAID U.S. WOULD BE PREPARED TO CONSULT WITH ARGENTINA BEFORE SUBMISSION OF THE LIST TO TARIFF COMMISSION AND DURING SIX MONTH TARIFF COMMISSION REVIEW. AMB EBERLE SAID THE ISSUE MUST BE APPROACHED IN A PRAGMATIC WAY SEEKING PRAGMATIC RESULTS. THE ISSUE OF WHICH PRODUCTS TO INCLUDE IN GSP HAS AN IMPORTANT IMPACT ON JOBS AND CONSEQUENTLY A HIGH POLITICAL CONTENT. AMB MARTINEZ EXPRESSED SOME RESERVATIONS ABOUT THE NATURE OF THE LIST WHICH THE GOA WAS SUPPOSED TO COMPILE. HE REQUESTED THE U.S. TO FURNISH A LIST OF MANUFACTURED AND SEMI-MANUFACTURED PRODUCTS WHICH IT PROPOSED TO EXCLUDE FROM GSP. MR. FOX INDICATED THAT MOST INDUSTRIAL PRODUCTS WOULD BE INCLUDED AND CITED

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THE MAJOR PRODUCTS WHICH WOULD BE EXCLUDED. HE EXPLAINED THAT EACH OF THEM ALREADY WAS SUBJECT TO SOME RESTRICTIVE ACTION AND CONSEQUENTLY NOT ELIGIBLE FOR PREFERENTIAL TREATMENT.

4. A SECOND WORKING MEETING APRIL 23:

A) BILATERAL ISSUES--MEAT: SR JORGE PEREDA, PRESIDENT OF ARGENTINE NATIONAL MEAT BOARD, EXPLAINED IMPORTANCE OF MEAT EXPORTS TO ARGENTINE TRADE AND REQUESTED U.S. COOPERATION IN HELPING ARGENTINA INCREASE THESE EXPORTS, PARTICULARLY NOW WHEN EXPORTS TO EUROPE HAVE FALLEN. FOLLOWING SPECIFIC AREAS OF POSSIBLE COOPERATION WERE DISCUSSED:

1) JOINT U.S./ARGENTINE POSITION, VIS-A-VIS EC-ARGENTINA WOULD APPRECIATE JOINT ACTIONS TO HELP IT INCREASE MEAT EXPORTS TO EC. AMB EBERLE NOTED THE TWO COUNTRIES SHARED A POTENTIAL COMMON POSITION IN THIS REGARD AND COULD WORK TOGETHER TO DEVELOP IT. PEREDA EXPRESSED APPRECIATION FOR THE OFFER, SUGGESTING THAT WORKING COMMITTEE BE FORMED AND THAT THE U.S. ASSIGN SOMEONE LIMITED OFFICIAL USE

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TO WORK WITH ARGENTINA.

2) CHLORIDE RESIDUES IN CANNED MEAT--PEREDA CONCERNED THAT U.S. CONSIDERING REDUCING LEVEL OF RESIDUAL CHLORIDES PERMITTED IN CANNED MEAT FROM ARGENTINA. MR. MONTEL STATED U.S. ASSISTED IN ESTABLISHING LABORATORY AND TRAINING PERSONNEL TO CHECK RESIDUE LEVELS, AND LABORATORY NOW FUNCTIONING. MR. SZABO COMMENTED THAT WHILE HE UNAWARE OF ANY DISCUSSION OF POSSIBLE

CHANGE, SUCH ACTION WOULD ONLY BE TAKEN IF NECESSARY TO PROTECT U.S. CONSUMER AND WOULD APPLY EQUALLY TO DOMESTIC AND IMPORTED BEEF PRODUCTS.

3) U.S. IMPORTS OF CHILLED, FROZEN OR CURED MEAT--ARGENTINA BELIEVES ADEQUATE PROOF EXISTS THAT BONELESS BEEF NOW EXPORTED TO EUROPE HAS NOT RESULTED IN OUTBREAKS OF AFTOSA (HOOF AND MOUTH DISEASE) AND THAT SUCH MEAT DOES NOT CARRY AFTOSA VIRUS. U.S. RESTRICTIONS ON IMPORTS OF CHILLED OR FROZEN MEAT THEREFORE HAVE NO VALID TECHNICAL BASIS. SUCH IMPORTS, IF PERMITTED, WOULD REPRESENT ONLY SMALL PERCENTAGE OF U.S. PRODUCTION AND GOA WOULD PLEDGE TO MAINTAIN EXPORT PRICES AT LEVEL WHICH WOULD NOT ADVERSELY AFFECT U.S. MARKET PRICE. IF U.S. UNABLE TO CONSIDER IMPORTS OF CHILLED OR FROZEN MEAT, IT SHOULD AT LEAST PERMIT RENEWED IMPORTS OF CURED MEAT. AMBERLE EXPRESSED INTEREST IN ARGENTINE VIEW THAT AFTOSA VIRUS NOT PRESENT IN BONELESS MEAT, BUT SAID THIS ISSUE REQUIRES FACTUAL DETERMINATION, AND U.S. TECHNICIANS DO NOT BELIEVE SUFFICIENT INFORMATION IS AVAILABLE. U.S. DEL AGREED TO TRANSMIT ARGENTINE VIEWS TO U.S. EXPERTS, AND TO CONTINUE TO ENCOURAGE CLOSE COOPERATION BETWEEN U.S.-ARGENTINE SCIENTISTS TO SEEK MEANS OF DEALING WITH PROBLEM.

4) AFTOSA-FREE ZONES--PEREDA EXPRESSED INTEREST IN MEASURES BEING TAKEN TO PREVENT MOVEMENT OF AFTOSA NORTHWARD FROM COLOMBIA INTO PANAMA AND CENTRAL AMERICA. ARGENTINA HAS LARGE ZONE IN PATAGONIA. BETWEEN TWO RIVERS (RIO COLORADO AND RIO NEGRO), ANDES MOUNTAINS AND ATLANTIC, WHICH IS NOW AFTOSA FREE. HOPES TO MAINTAIN AREA FREE OF AFTOSA BY PROHIBITING ENTRY OF LIVE ANIMALS AND MEAT CONTAINING BONES, AND TO ESTABLISH MEAT INDUSTRY IN AREA TO EXPORT TO COUNTRIES PRESENTLY RESTRICTING IMPORTS. MR. SZABO OFFERED TO PROVIDE GOA WITH INFORMATION ON AGREEMENTS NOW BEING WORKED OUT WITH COLOMBIA AND PANAMA.

B) U.S. COUNTERVAILING AND ANTI-DUMPING ACTIONS--MINISTRY OF LIMITED OFFICIAL USE

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ECONOMY OFFICIALS (ING. RAUL DEJEAN DEL CASTILLO AND JULIO RAIMONDI) NOTED THAT ARGENTINA TRADITIONALLY HAS UNFAVORABLE TRADE BALANCE WITH U.S. AND, IN EFFORT TO STIMULATE EXPORTS, IS PROVIDING TAX REBATES ON ALMOST ALL INDUSTRIALIZED EXPORTS. U.S. REACTION AGAINST THIS PROCEDURE CONCERNS GOA NOT ONLY IN REGARD TO SPECIFIC CASES (ANTI-DUMPING DUTIES AGAINST PRINTED VINYL SHEETS, ARGENTINE REQUEST FOR POWDERED SKIMMED MILK QUOTA AND COUNTERVAILING DUTY INVESTIGATION ON LEATHER FOOTWEAR) BUT ALSO IN REGARD TO PHILOSOPHY BEHIND U.S. REACTION, SINCE IT COULD AFFECT ALMOST ALL ARGENTINE INDUSTRIALIZED EXPORTS TO U.S. U.S. REPS (EBERLE, RENNER AND SUCHMAN) EXPLAINED DIFFERENCES BETWEEN U.S. ANTI-DUMPING AND COUNTERVAILING DUTY LAWS, NOTING THAT USG REQUIRED TO INVESTIGATE ALL COMPLAINTS AND THAT LAWS IN ACCORD WITH GATT PROVISIONS. USG SEEKING REFORM OF COUNTERVAILING DUTY

LAWS AND TRA WOULD GIVE SECRETARY OF TREASURY DISCRETION IN ITS  
APPLICATION IN SOME CIRCUMSTANCES, BUT PROBABLY BECAUSE OF TIMING  
NOT IN CASES WHERE INVESTIGATION ALREADY UNDERWAY. LONG RUN  
SOLUTION TO BE FOUND ONLY IN MULTILATERAL AGREEMENT ON EXPORT  
PRACTICES. DISCUSSED STATUS OF LEATHER FOOTWEAR INVESTIGATION,  
INCLUDING PRESEN  
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C) MTN--GENERAL OBJECTIVES--AMB EBERLE PRESENTED GENERAL U.S.  
OBJECTIVES IN MTN AND POINTED OUT AREAS WHERE U.S. AND LA  
INTERESTS CONVERGE. ARGENTINE POSITION PRESENTED BY  
AMB GABRIEL MARTINEZ, ARGENTINE REPRESENTATIVE TO INTER-  
NATIONAL ECONOMIC ORGANIZATIONS IN GENEVA.  
AMB MARTINEZ LED OFF BY STATING ARGENTINE OBJECTIVES MAY APPEAR  
TO BE SAME AS U.S. BUT DIFFERENCES EXIST BELOW GENERAL TITLES.  
OVERALL OBJECTIVES INCLUDE:

1) ELIMINATION OF RESTRICTIONS ON ARGENTINE EXPORTS NOT DEALT  
WITH IN PREVIOUS NEGOTIATIONS, WHICH MEANS OPENING UP OF DEVELOPED  
COUNTRY MARKETS, INCLUDING U.S.

2) BASIC CHANGE IN JURIDICAL STRUCTURE OF GATT TO EMBODY  
DIFFERENT TREATMENT IN ALMOST ALL RESPECTS FOR DEVELOPED AND  
DEVELOPING COUNTRIES. ARTICLE BY ARTICLE CHANGES NOT ENOUGH;  
THERE SHOULD ALSO BE DIFFERENCES IN INTERPRETATION OF ARTICLES,  
POSSIBLY IN FORM OF A CODE OF CONDUCT. THIS SHOULD APPLY TO  
INDUSTRIAL AND AGRICULTURAL PRODUCTS, TARIFF AND NON-TARIFF



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BARRIERS.

3) VALUE OF GSP TO DEVELOPING COUNTRIES DIMINISHING. PREFERENCE SYSTEM SHOULD BE INSTITUTIONALIZED WITHIN GATT, AND NOT CONTINUE TO BE UNILATERAL DECISION BY ONE GROUP FAVORING ANOTHER GROUP.

4) GOA UNDERSTANDS U.S. POSITION THAT FULL RECIPROCITY FROM DEVELOPING COUNTRIES NOT NECESSARY, BUT BELIEVES THAT DEVELOPING COUNTRIES CONTRIBUTE TO MTN SIMPLY BY THEIR PARTICIPATION IN AND ACCEPTANCE OF GATT RULES. SOME COUNTRIES, NOT INCLUDING ARGENTINA, CANNOT OFFER ANY RECIPROCITY. GOA IS NOT THINKING IN TERMS OF MAKING TARIFF REDUCTIONS; TARIFFS ARE TOOL OF DEVELOPMENT WHICH LDC'S SHOULD BE ABLE TO USE FREELY. ARGENTINA SHOULD NOT BE ASKED TO REPLY TO A REQUEST LIST; INSTEAD IT WILL OFFER WHAT IT CAN AFFORD. GOA INTENDS TO PARTICIPATE IN ALL STAGES OF MTN. THIS, AS WELL AS POSSIBLE PARTICIPATION IN COMMODITY AGREEMENTS, ARE EXAMPLES OF ITS CONTRIBUTION TO NEGOTIATIONS.

GOA WILL ADVISE U.S. OF ITS REQUESTS RE ENTRY OF PRODUCTS INTO U.S. AND OTHER MARKETS, AND HOPES TO RECEIVE CORRESPONDING INFO FROM U.S. ALSO WANTS TO KNOW WHERE U.S. WILL CONCENTRATE EFFORTS IN NEGOTIATIONS, SO IT WILL KNOW IN WHAT FIELDS IT CAN EXPECT TO STAND ALONE. GOA WOULD LIKE TO COUNT ON U.S. SUPPORT, BUT MUST DEVELOP OWN STRATEGY SO AS NOT TO BE LEFT STANDING AT THE ALTAR AS HAPPENED DURING KENNEDY ROUND. KNOWING EACH OTHER'S POSITIONS, BOTH COUNTRIES WILL BE BETTER ABLE TO NEGOTIATE, EITHER TOGETHER OR SEPARATELY.

AMB EBERLE REPLIED THAT SIZEABLE AREA OF AGREEMENT APPEAR TO EXIST. REQUESTED WRITTEN SUGGESTIONS FROM GOA ON PROPOSED FUNDAMENTAL CHANGES IN GATT. U.S. LARGELY OPEN-MINDED ON THIS MATTER, BUT DOES BELIEVE THERE SOME AREAS WHERE LDC'S SHOULD BE SUBJECT TO SAME REQUIREMENTS AS DEVELOPED COUNTRIES. ALSO BELIEVED ARGENTINE POSITION ON RECIPROCITY CONTAINED LARGE AREAS OF POSSIBLE AGREEMENT, BUT INDICATED U.S. LIKELY TO SUBMIT SOME SPECIFIC REQUEST TO GOA. U.S. CAN PROVIDE GENERAL IDEA OF PRODUCTS OF INTEREST IN NEGOTIATIONS, BUT CANNOT PROVIDE ACTUAL REQUESTS LISTS UNTIL EXTENSIVE PUBLIC HEARING, ETC. COMPLETED. THEREFORE, EXPRESSED HOPE THAT ARGENTINA WOULD BE ABLE TO PROVIDE ITS REQUEST LIST FIRST AND THUS ENABLE U.S. TO BUILD IT INTO U.S. REQUESTS.

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D) MTN AND 24:6 NEGOTIATIONS--EUROPEAN COMMUNITY--MARTINEZ AGREED U.S. AND ARGENTINA BOTH UNHAPPY WITH EC CAP, AND INTEREST COINCIDE IN SOME SPECIFIC PRODUCT AREAS. ARGENTINA'S

PRIMARY INTEREST IN 24:6 NEGOTIATIONS IS TREATMENT OF BEEF EXPORTS TO UK, BUT U.S. LIKELY TO REACH AGREEMENT ON 24:6 WITHOUT REFERENCE TO BEEF. RE MTN, GOA WANTS TO KNOW IN ADVANCE WHAT PRODUCTS U.S. HAS DIRECT INTEREST IN, SINCE IT DOES NOT EXPECT TO RECEIVE U.S. SUPPORT ON OTHER PRODUCTS. WISHES TO IDENTIFY BASIC GROUP OF SPECIFIC PRODUCTS ON WHICH BOTH COUNTRIES CAN SEPARATELY CONCENTRATE THEIR EFFORTS. ARGENTINA DOES NOT WISH, HOWEVER, TO TAKE JOINT POSITION WITH U.S. AGAINST EC AS A COMMON ENEMY, OR EVEN APPEAR TO DO SO, SINCE ARGENTINA DOES NOT VIEW EC AS AN ENEMY. AMB EBERLE EXPLAINED THAT U.S. HAD ASKED ABOUT ARGENTINE POSITION ON 24:6, BUT U.S. RECORDS INDICATED GOA HAD NOT TAKEN A POSITION. U.S. EXPECTED RESOLUTION OF 24:6 SHORTLY; OTHERWISE, U.S. PREPARED TO WITHDRAW CONCESSIONS.

E) REVERSE PREFERENCES--MARTINEZ STATED ARGENTINA AGAINST SPECIALIZED AS OPPOSED TO GENERALIZED PREFERENCES, AND PARTICULARLY OPPOSED TO REVERSE PREFERENCES. U.S. GSP PROPOSAL LEADS TO VICIOUS CIRCLE FOR LDC'S GIVING REVERSE PREFERENCES, HOWEVER, SINCE THEY WOULD BE EXCLUDED FROM U.S. PREFERENCES, OF UNKNOWN PRACTICAL VALUE, UNTIL THEY GIVE UP SYSTEM THEY NOW HAVE. WHILE REVERSE PREFERENCES ARE PRIMARY CONCERN OF U.S., ARGENTINA ALSO WORRIED

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ABOUT SPECIALIZED PREFERENCE. ELIMINATION OF FORMER WHILE LATTER  
REMAIN WOULD MAKE SYSTEM WORSE FROM ARGENTINE VIEW.  
AMB EBERLE AGREED, BUT EXPLAINED U.S. SEEKING TO ELIMINATE  
REVERSE PREFERENCES FIRST AND THEN WOULD CONCENTRATE EFFORTS ON  
EC SPECIALIZED PREFERENCES.

F) SHORT SUPPLY PROBLEMS--MARTINEZ STATED EXPORTING COUNTRIES  
SHOULD BE FREE TO MAKE EXPORT DECISIONS ON ECONOMIC AND SOCIAL  
BUT NOT POLITICAL GROUNDS. ACCEPTABLE GROUNDS WOULD INCLUDE  
AVAILABILITY OF DOMESTIC SUPPLY, REMUNERATIVE PRICES,  
AVOIDANCE OF DRAIN ON NON-RENEWABLE RESOURCES AND ASSURING  
FULL DOMESTIC EMPLOYMENT, DISCRIMINATORY, I.E. POLITICAL,  
REASONS NOT ACCEPTABLE FOR LIMITING EXPORTS. ARGENTINA  
FOLLOWS THIS POLICY EXCEPT WHEN CONTRARY TO UN AGREEMENTS.  
ASSURANCE OF STEADY SUPPLY CONNECTED WITH ASSURANCE OF EXPORT  
OPPORTUNITIES, AND THE LATTER PROBLEM IS OF GREATER INTEREST TO  
ARGENTINA. AMB EBERLE EXPRESSED U.S. DESIRE TO START CONSULTATIONS,  
NOT ONLY BEFORE COUNTRIES ACTED TO LIMIT ACCESS BUT ALSO TO MOVE  
TOWARD ELIMINATION OF PRESENT RESTRICTIONS. CONSULTATIONS SHOULD  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

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BE PARALLEL WITH MTN AND INTENDED TO FIND ACCEPTABLE GUIDELINES.  
MARTINEZ REITERATED ARGENTINA'S PRIMARY INTEREST IS IN REDUCING  
IMPORT RESTRICTIONS, AND NOTED THAT DEVELOPED COUNTRIES DO NOT  
USUALLY CONSULT LDC'S BEFORE RESTRICTING IMPORTS.

5. EMBASSY MINUTES COVERING APRIL 23 MEETING WITH SECRETARY  
TETTAMANTI WILL FOLLOW SEPTEL.  
MCCLINTOCK

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, IMPORTS, EXPORTS, POLICIES, LESS DEVELOPED COUNTRIES, TRADE VISITS, MEETINGS, MEETING REPORTS, SUBSIDIES, MEATS, GENERALIZED PREFERENCES (TARIFFS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974CARACA03772  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740103-0066  
**From:** CARACAS  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Line Count:** 582  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 11  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** BoyleJA  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 18 JUN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <18 JUN 2002 by rowelle0>; APPROVED <26 MAR 2003 by BoyleJA>  
**Review Markings:**

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US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SUMMARY REPORT OF AMBASSADOR EBERLE'S VISIT TO ARGENTINA  
**TAGS:** PFOR, ETRD, OVIP, AR, US, (EBERLE, WILLIAM)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005